

NASAA Warns Investors to Watch for Sandy Scams

WASHINGTON (October 31, 2012) – Following the widespread destruction caused by Hurricane Sandy along the Eastern seaboard, the North American Securities Administrators Association (NASAA) today warned investors to beware of opportunistic investment “Sandy scams.”

“Unfortunately, we know from experience that disasters bring out the worst in people, especially those seeking to profit from the misfortunes of others. Potential investors should be very cautious if approached with unsolicited Sandy-related investment offers,” said Heath Abshire, NASAA President and Arkansas Securities Commissioner.

In particular, Abshire noted that cold-calling telephone salespeople, advertisements, and Internet postings that promote investment pools or bonds to help storm victims, or tout water-removal or purification technologies, electricity-generating devices and distressed real estate remediation programs should be a red flag for investors.

People also should be aware of the rush of solicitations that follow a highly publicized natural disaster or other crises. “There will be fraudulent charity solicitations,” Abshire said. “Some will be looking for your money; some will be attempting to steal your credit card information for identity theft. As with any charitable contribution, people wanting to help with relief efforts following Sandy should send contributions to only those charities with an established track record.”

Abshire also warned that fake victims may attempt to use social media to dupe well-intentioned donors. “Do not donate to unknown individuals that purport to need aid that post on Facebook, Craigslist, Twitter or other social media sites. These are likely to be fraudsters, who may not have even been a resident of the United States much less a victim of the storm,” he said.

Recalling that many con artists attempted to exploit investors in the aftermath of Hurricane Katrina in 2005, Abshire urged investors to:

- Hang up on aggressive cold callers promoting hurricane-related investments and delete unsolicited e-mail or Internet messages discussing small companies with new hurricane-related technologies or products.
- Use common sense. Pie-in-the-sky promises often signal investment fraud.
- Contact your state or provincial securities regulator to check that both the seller and investment are licensed and registered. If not, they may be operating illegally. Contact information is available on NASAA’s website at www.nasaa.org.

NASAA, the oldest international organization devoted to investor protection. NASAA’s membership consists of the securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the provinces and territories of Canada, and Mexico.

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